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TO RUEHC/SECSTATE WASHDC IMMEDIATE 2978
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RUEHKSO/AMCONSUL SAPPORO 4528
RUEHOK/AMCONSUL OSAKA KOBE 7799
RUEHFK/AMCONSUL FUKUOKA 3997
RUEHNH/AMCONSUL NAHA 6327
RUEHGH/AMCONSUL SHANGHAI 0588
RUEHHK/AMCONSUL HONG KONG 6774
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PARIS FOR USOECD

E.O. 12958: N/A
TAGS: EFIN ECON PGOV JA
SUBJECT: OPPOSITION PARLIAMENTARIANS INDICT JAPAN POST CEO

REF: A. TOKYO 1091
 1B. TOKYO 781

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¶1. (U) Twelve Diet members from the opposition Democratic Party of Japan (DPJ), the People's New Party (PNP), and the Social Democratic Party (SDP) submitted a third-party criminal indictment of Japan Post Holdings CEO Yoshifumi Nishikawa to the Tokyo District Public Prosecutor's Office May 15, according to media reports. The indictment is for "attempted special breach of trust," based on the claim Nishikawa "tried to inflict losses on Japan Post Holdings" through the sell-off of hotel chain ("Kampo no Yado") at an "unfair low price."

¶2. (SBU) A DPJ official confirmed to the Embassy an indictment was filed, but stressed the indictment came from individual members and not from the party as a whole. The official would not confirm the number or identities of the Diet members who signed the indictment. (Note: The small People's New Party is composed entirely of parliamentarians expelled from the ruling LDP for opposing postal privatization, and stopping or reversing privatization is the PNP's animating policy. The PNP is currently allied with the DPJ. End note.)

¶3. (U) Minister of Internal Affairs and Communications Kunio Hatoyama (LDP) has criticized Japan Post Holding's (JPH) efforts to sell "Kampo no Yado." Under the postal privatization laws passed in 2005, JPH is required to sell off the hotel chain by September 2012. However, after Japan Post Holdings concluded a contract to sell "Kampo no Yado" with the Orix Real Estate Corporation in late 2008, Hatoyama publicly accused JPH of improper bidding practices and engaging in a "fire sale" (ref B).

¶4. (SBU) There has also been significant media speculation that the resulting conflict between MIC Minister Hatoyama and CEO Nishikawa would result in Nishikawa's being forced out (ref A). The opposition members who filed the indictment reportedly also asked for Minister Hatoyama to remove Nishikawa from his position.

15. (SBU) Comment: The DPJ is well aware postal privatization remains a lightning rod within the LDP. The indictment, and any resulting personnel changes, could roil both the process and the ruling party.

ZUMWALT